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FOR IMMEDIATE RELEASE  
THURSDAY MAY 31, 2007  
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### **FORMER ILLINOIS FINANCE AUTHORITY DIRECTOR CHARGED IN PENDING LOAN FRAUD INDICTMENT AGAINST BUSINESSMAN ANTOIN REZKO**

CHICAGO – **Ali D. Ata**, former executive director of the Illinois Finance Authority (IFA), today was added as a co-defendant to a pending indictment against Chicago area businessman and political fundraiser **Antoin Rezko** in connection with an alleged scheme to fraudulently obtain more than \$10 million in loans for pizza restaurants in the Chicago and Milwaukee areas and also defrauding investors in a business that operated the franchises. Ata, who was appointed top administrator of the consolidated state finance authority in January 2004 and served for a little more than a year, was charged with aiding and abetting the alleged fraud scheme in a superseding indictment returned today by a federal grand jury. The new indictment is part of *Operation Board Games*, an ongoing federal public corruption investigation of insider-dealing, influence-peddling and kickbacks involving private interests and public duties related to various state boards and non-profit organizations, announced Patrick J. Fitzgerald, United States Attorney for the Northern District of Illinois.

Ata, 55, of Lemont, was charged with one count of aiding and abetting wire fraud. He will be arraigned at a later date in U.S. District Court. Ata maintained investments in business ventures controlled by Rezko, according to the indictment.

The initial indictment in the case was returned against Rezko alone last October when he was charged with two counts of wire fraud. The new indictment adds a third count of wire fraud against Rezko, with Ata also charged in the same count. Rezko, 52, of Wilmette, has pleaded not guilty to the previous charges and the case is pending before Judge James Zagel.

Mr. Fitzgerald announced the charges with Robert D. Grant, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation; Byram Tichenor, Special Agent-in-Charge of the Internal Revenue Service Criminal Investigation Division in Chicago; Thomas P. Brady, Inspector-in-Charge of the U.S. Postal Inspection Service in Chicago; and James Vanderberg, Regional Inspector-in-Charge of the U.S. Department of Labor Office of Inspector General.

Today's indictment includes the previous charges while expanding the time frame and adding Ata's role in the alleged fraud scheme. As did the previous indictment, today's indictment alleges that Rezko fraudulently caused General Electric Capital Corp. (GECC), of Bellevue, Wash., to extend more than \$10 million in loans to finance what Rezko portrayed as sales of two different groups of Papa John's pizza restaurants in the Chicago and Milwaukee areas. In fact, the indictment alleges, the sales were sham transactions that occurred at inflated prices, and involved the presentation of false financial information to GECC. In addition to defrauding GECC, the indictment alleges that Rezko defrauded investors in his pizza business by concealing the fact that he was transferring the company's assets to himself and a straw purchaser.

The new indictment alleges that as part of the fraud scheme in February 2004, at Rezko's request and to assist him defrauding GECC, Ata signed a letter on IFA letterhead that falsely made it appear that unnamed Investor 1 had applied for financing with the IFA in connection with Investor 1's acquisition of the Chicago and Milwaukee area pizza restaurants. The letter was addressed to Investor

1 but Ata knew that Rezko intended to present the letter to GECC. The letter stated that Investor 1's financing request would be recommended for approval by the IFA Board of Directors on March 15, 2004, and that the IFA would guarantee 50 percent of the total acquisition cost of \$16 million. Ata allegedly knew at the time that Investor 1 had not submitted an application to the IFA, no financing proposal for Investor 1's purchase of the pizza restaurants existed or had been reviewed by the IFA staff, and the proposed loan guarantee was inconsistent with the IFA's financing practices and its available resources.

According to the indictment, the IFA is principally engaged in issuing taxable and tax-exempt bonds and investing capital for businesses, non-profit corporations, and local government units in Illinois to promote business in the state. Under Illinois law, the IFA could guarantee private loans to third parties to promote economic development in Illinois, but had no authority to guarantee loans that would promote economic activity outside the state. The IFA had only limited economic reserves and was not in a position to guarantee multi-million dollar loans, and the authority required a written application before considering any request for funding.

Rezko was the president of Rezko Enterprises LLC, owned by individual investors, and which owned pizza restaurants directly and through subsidiaries, including PJ Chicago LLC. Rezko allegedly schemed with three unnamed individuals to sell off pizza restaurants owned by Rezko Enterprises to one company owned by a co-schemer and a second company wholly-owned by Rezko for inflated prices and without the knowledge of the individual investors.

The indictment alleges that Rezko and his co-schemers fraudulently obtained a \$4.5 million loan from GECC in March 2001 to finance the purchase of the Milwaukee stores by a straw purchaser

and his company at an inflated price, and through the submission of fraudulent documents, including false financial statements about the condition of the pizza stores.

The indictment alleges that Rezko and his co-schemers made similar fraudulent representations to obtain a \$6 million loan from GECC in October 2001 in connection with Rezko's sale of the Chicago area pizza restaurants from Rezko Enterprises to his own company, Chicago PJ LLC. After closing on the loan for the Chicago stores, the loan became delinquent, and Rezko caused additional false financial information to be submitted to GECC in asking for forbearance on the default.

In addition, Rezko allegedly misled individual investors about the performance and financial condition of Rezko Enterprises by providing fraudulent financial statements that made it appear that Rezko Enterprises still owned the Chicago and Milwaukee area stores, and by falsely characterizing the GECC loans as re-financing of existing debt.

The government is being represented by Assistant U.S. Attorneys Carolyn McNiven and John Blakey.

If convicted, Ata and Rezko each face a maximum penalty of 20 years in prison on one count of wire fraud, while Rezko faces a maximum of five years in prison on each of the two additional counts against him alone. Each count carries a maximum fine of \$250,000, or an alternative maximum fine of twice the gross profit to any defendant or twice the loss to any victim. The Court, however, would determine the appropriate sentence to be imposed.

The public is reminded that an indictment contains only charges and is not evidence of guilt. The defendants are presumed innocent and are entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

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